MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BMR3074 – INTERNATIONAL MARKETING

(All sections / Groups)

12 OCTOBER 2017
2.30 PM – 4.30 PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 printed pages (including cover page) with 5 Questions only.

2. Attempt **ALL** questions in Section A. Attempt any **THREE (3)** out of **FOUR (4)** questions in Section B. The distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet.

Section A-Answer ALL questions (40 marks)

McDonald's India was incorporated as a wholly owned subsidiary in 1993. In April 1995, the wholly owned subsidiary entered into two 50:50 joint ventures; with Connaught Plaza Restaurants (Vikram Bakshi) to own and operate the Delhi Restaurants, and Hardcastle Restaurants (Amit Jatia) to own and operate the Mumbai outlets.

Although McDonald's had done product adaptation to suit local tastes and cultures in several previous ventures, such as the Teriyaki Burger in Japan, rice dishes in Indonesia, noodles in Manila and McLox Salmon sandwiches in Norway, the degree of adaptation required in India was significantly greater. McDonald's replaced its core product, the Big Mac, with the Maharaja Mac. The latter had a mutton patty (instead of the beef patty in the Big Mac), to avoid offending the sensibilities of Hindus (80 per cent of the population), who consider killing cows as sacrilegious, and Muslims (12 per cent of the population), for whom pork is taboo. In addition, since 40 per cent of the market is estimated to be vegetarian, the menu included the McAloo Burger (based on potato), a special salad sandwich for vegetarians, and the McChicken kebab sandwich. It also offered spicier sauces, such as McMasala and McImli (made from tamarind). Other elements of the menu, such as chicken nuggets, fillet fish sandwiches, fries, sodas and milkshakes, were in common with the rest of the McDonald's system.

In 1998, McDonald's India set up a menu development team to collect consumers' feedback. Subsequently, the team came up with its menu vision, and new products since then have been based on this vision.

The adaptation of the strategy went well beyond the menu, encompassing many aspects of the restaurant management system. Two different menu boards were displayed in each restaurant – green for vegetarian products and purple for non-vegetarian products. Behind the counter, restaurant kitchens had separate, dedicated preparation areas for the meat and non-meat products. The kitchen crew (in charge of cooking) had different uniforms to distinguish their roles and did not work at the vegetarian and non-vegetarian stations on the same day, thus ensuring clear segregation. The wrapping of vegetarian and non-vegetarian food took place separately. These extra steps were taken to assure Indian customers of the wholesomeness of both products and their preparation. To convince Indian customers that the company would not serve beef and would respect the culinary habits of its clientele, McDonald's printed brochures explaining all these steps and took customers on kitchen tours.

McDonald's positioned itself as a family restaurant in India. The average price of a 'Combo' meal, which included burger, fries and Coke, varied from Rs76 for a vegetarian meal to Rs88 for a Maharaja Mac meal. This could be compared with KFC meal prices at Rs59 (Crispy Burger, regular fries and large Pepsi) and Rs79 (KFC Chicken, Colonel Burger and regular Pepsi). McDonald's Happy Meal, which included a complimentary toy, was priced at Rs46. The prices in India were lower than in Sri Lanka or Pakistan, and even the price of the Maharaja Mac was 50 per cent less than an equivalent product in the United States.

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To fight its premium image among the public, the company undertook selective price cutting and ran some periodic promotions. In February 1999, the company was offering 'economeals' for as low as Rs29. The company reduced the price of vegetable nuggets from Rs29 to Rs19 and that of its soft-serve ice-cream cone from Rs16 to Rs7. Apparently, this still afforded McDonald's a healthy margin (40 per cent for cones). As Vikram Bakshi, explained, 'I will never become unaffordable, as I will not then be able to build up volumes.' The lower price could be attributed to two factors: the pricing strategies of rivals as well as mid-range local restaurants, and the development of a local (low-cost) supply chain.

McDonald's pricing strategies, as well as special promotions, were influenced by rivals. In February 1999, several competitors were running special promotions, with KFC offering a meal inclusive of chicken, rice and gravy for Rs39. For Rs350, Pizza Hut was offering a whole family meal, including two medium pizzas, bread and Pepsi. Wimpy's was offering mega meals at Rs35. A typical vegetarian 'set meal', or 'thali' (which included Indian breads, rice, vegetables and yogurt) at a mid-range restaurant cost around Rs50, which was considerably lower than a McDonald's meal.

Question 1

(a) State **TWO (2)** reasons that McDonald offer lower price in India in comparison to other countries.

(5 marks)

(b) Explain **TWO (2)** growth strategies that McDonald has practiced in India.

(15 marks)

(c) Explain **TWO (2)** marketing mix elements on McDonald case in India.

(20 marks)

(Total: 50 marks)

Section B-Answer TWO out of THREE questions (50 marks)

Question 1

(a) List **FIVE (5)** political risk that adversely influence a company's ability to operate effectively and profitably.

(10 marks)

(b) Discuss **TWO (2)** market entry expansion strategies that a global retailer can use when expanding outside the home country.

(10 marks)

(Total: 20 marks)

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Question 2

(a) Discuss **THREE (3)** target marketing strategies and give examples of companies or products that represent each of the strategies.

(15 marks)

(b) Explain the meaning of foreign consumer culture positioning with an example.

(5 marks)

(Total: 20 marks)

Question 3

You are a newly appointed marketing manager of a Malaysian beverage manufacturer. As the managing director is keen to globalize the company's brands, he instructs you to write a report that explains **EIGHT (8)** creative execution techniques relevant to the globalization intention.

(20 marks)

(Total: 20 marks)

Question 4

Explain **FIVE (5)** steps in the research Process.

(20 marks)

(Total: 20 marks)

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